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Education Funding in Ontario

1994

**A Description of
the Education Funding Model**



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Preamble

The purpose of this document is to provide a detailed description of Ontario's education funding system in 1994, including the shared roles and responsibilities of both the provincial government and local school boards.

In previous years, the description of Ontario's education funding system was included with the 1994 General Legislative Grants Regulations, which provides the legislative provisions through which provincial grants are distributed to school boards. This year, the 1994 General Legislative Grants Regulations was published as a separate document.

If you require further information on a specific grant or other general funding questions, please contact your nearest Ministry of Education Regional Office listed below, or call Capital and Operating Grants Administration, Mowat Block, Queen's Park at (416) 325-2034.

Central Ontario Region North York, Ontario	(416) 491-0330
Eastern Ontario Region Nepean, Ontario	(613) 225-9210
Midnorthern Ontario Region Sudbury, Ontario	(705) 675-4401
Northeastern Ontario Region North Bay, Ontario	(705) 474-7210
Northwestern Ontario Region Thunder Bay, Ontario	(807) 475-1571
Western Ontario Region London, Ontario	(519) 472-1440

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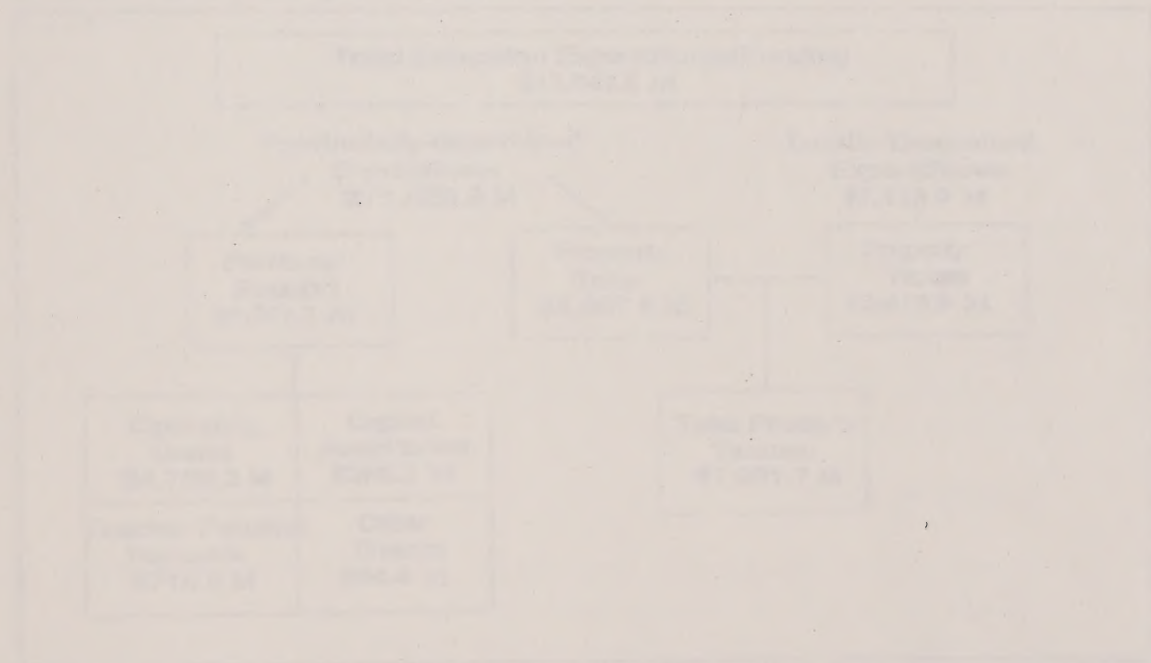
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The Education Funding Model



Introduction

In 1994, elementary and secondary education in Ontario will cost \$13.8 billion, having an impact on every taxpayer in the province and the quality of education available to every pupil.

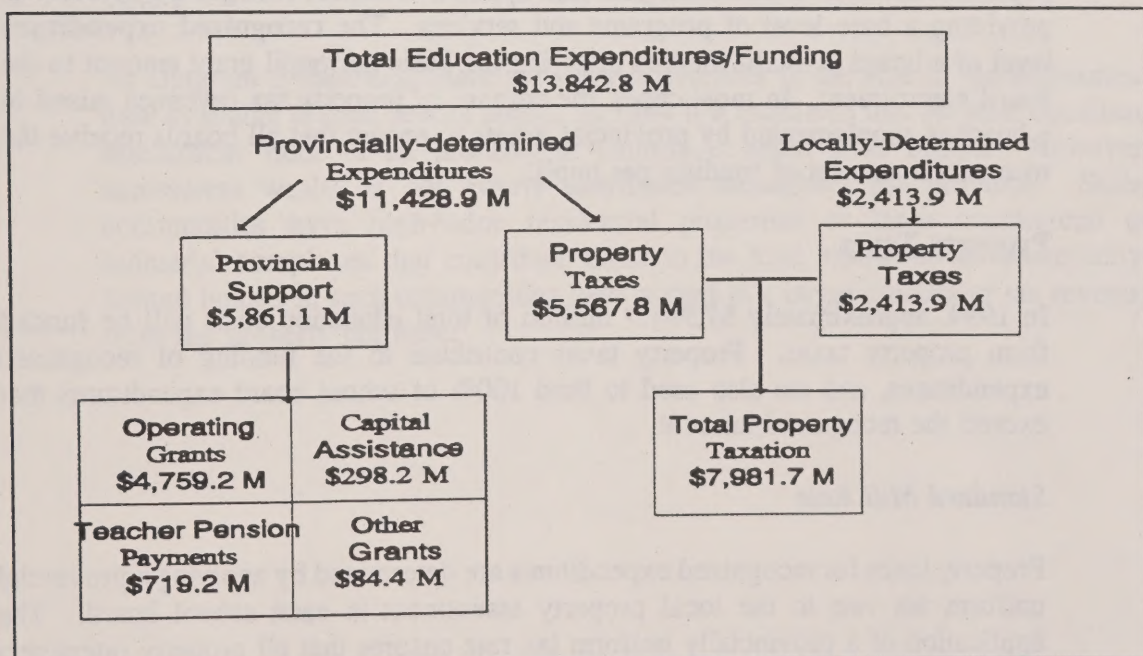
There are 170 school boards in Ontario serving approximately 2,000,000 pupils in 4,772 schools and employing 121,750 full-time teachers. These school boards operate within a wide variety of geographic, demographic, social and economic conditions, with a diversity of resource needs.

Elementary and secondary education in Ontario is a shared responsibility between the province and local school boards. The province establishes objectives, standards and guidelines through the Education Act, policy memoranda, and regulations such as the General Legislative Grants Regulation that determine the allocation of provincial grants for education funding. School boards determine how education programs and services are delivered, and the resources required to carry out their responsibilities.

School board expenditures are funded from two sources – property taxes and provincial grants.

DIAGRAM 1

FUNDING EDUCATION IN ONTARIO, 1994



* Note: Social Contract adjustments totalling \$255 million in operating expenditures and grants are not reflected.

The Funding Mechanism

The funding mechanism for elementary and secondary education is embodied in a set of legal documents known as the General Legislative Grants (GLG) regulations. Through a combination of operating and capital assistance programs, the GLG Regulation attempts to mitigate inequities in financial resources among school boards across the province. These assistance programs can be referred to as "equalization payments" since they attempt to equalize the financial resources among school boards by taking into account the size of the local tax base (ie, resources available) and the resources required by a school board to provide the base level of education service.

Two principles guide the determination of the level of provincial support available to a school board:

- (1) All school boards must have equitable financial resources to provide a base level of education.*
- (2) All property ratepayers must make the same tax effort to raise the local share of the costs of providing the base level of education.*

Recognized Expenditures

Each year the province establishes a dollar amount per pupil which is intended to represent the cost of providing a base level of education to a student. The per pupil amount is reviewed each year and updated to reflect changes in the costs of providing a base level of programs and services. The **recognized expenditure level** of a board is established by applying the basic per pupil grant amount to the board's enrolment. In most cases, the amount of property tax revenues raised in a board is supplemented by provincial grants to ensure that all boards receive the recognized amount of funding per pupil.

Property Taxes

In 1994, approximately \$7,981.7 million of total education costs will be funded from property taxes. Property taxes contribute to the funding of recognized expenditures, and are also used to fund 100% of school board expenditures that exceed the recognized amount.

Standard Mill Rate

Property taxes for recognized expenditures are determined by applying a provincial uniform tax rate to the local property assessment in each school board. The application of a provincially uniform tax rate ensures that all property ratepayers make the same tax effort to fund recognized expenditures.

The standard mill rate is set each year by the province. One “mill” represents \$1 of taxes per \$1,000 of property assessment. Where a rate is “5 mills,” this means that for every \$1,000 of property value the owner will pay \$5 in taxes. For a property assessed at \$100,000, the property owner will pay \$500 in taxes.

In 1994, the standard mill rate for recognized ordinary expenditure was set at 5.704 mills and 4.699 mills for elementary and secondary panels, respectively.

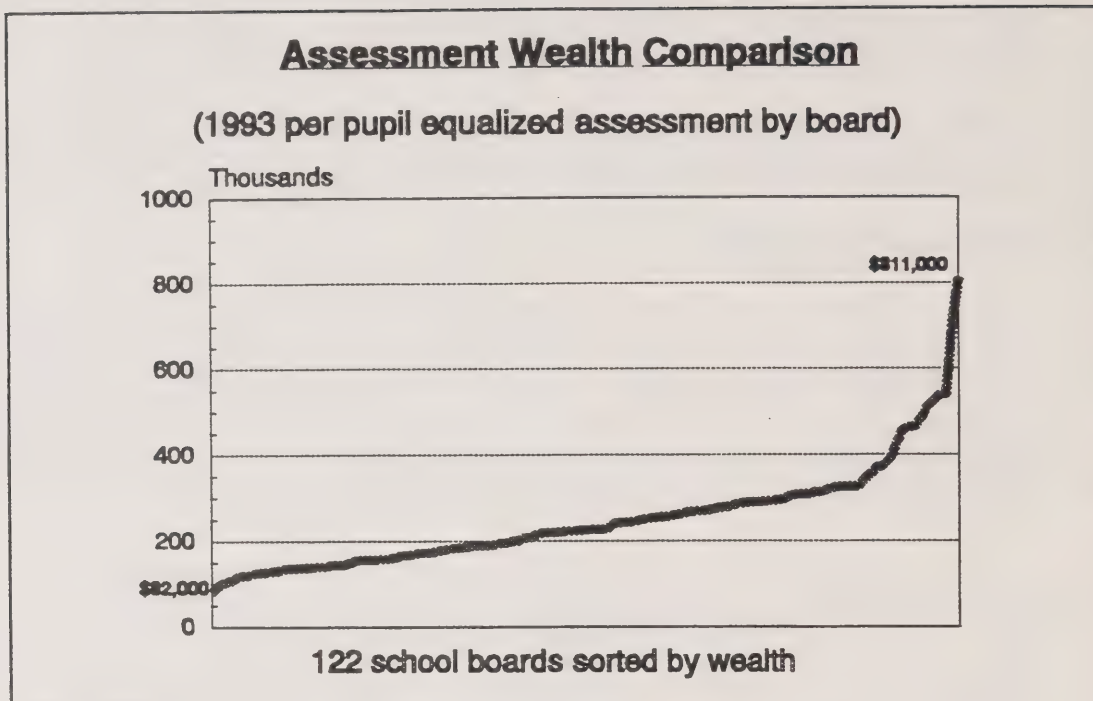
Assessment Equalization

The assessment base of a school board is calculated as the value of all property in the municipality or municipalities it serves. Every property or building is assessed with a dollar value. This is its “rateable assessment.” Residential properties such as homes and apartments, commercial properties such as offices and shopping malls, and industrial properties such as factories and warehouses are included, as well as farm and recreational/cottage properties.

For some municipalities, rateable assessment is at recent market value, while other municipalities have rateable assessments that are only a portion of market value. Since it is necessary in the grant mechanism to have a common measure of school board assessment, **assessment equalization factors** are applied to convert the local rateable assessment base to a common level of “equalized” assessment or adjusted market value. A new set of assessment equalization factors are published every four years by the Ministry of Finance reflecting market value prices for a given year. The factors used in the 1994 grant calculation are reflective of 1992 market values.

As Diagram 2 indicates, there are large differences in the size of the assessment base available to each school board. In 1994 it is estimated that the total equalized assessment value of all property in Ontario is about \$509 billion. However, assessment wealth is not evenly distributed throughout the province. Some communities have high-value residential properties or large commercial or industrial complexes that contribute more to the total wealth in the community. School boards in such communities have access to a larger amount of tax revenue from the property tax base.

DIAGRAM 2



As shown in the above graph, board X has an equalized assessment of \$811,000 per pupil from which to raise tax revenues. Board Y has an equalized assessment base of only \$82,000 per pupil from which to raise funds.

A complete listing of the equalized assessment per pupil for all boards for 1993 is presented in the attached Appendix.

Grants From the Province

Grants are provided to school boards to make up the difference between the total recognized expenditure of a board (basic per pupil amount x enrolment) and the amount of property tax revenues raised through the application of the provincial uniform tax rate for recognized expenditures. Diagram 3 shows how the provincial grant would be determined for three hypothetical school boards with differing enrolments and property assessment bases.

As shown, each school board is allocated financial resources per pupil of \$4,134 which is intended to reflect the cost of providing a base level of education. A uniform tax rate of 5.704 mills is applied to each board's equalized assessment. This tax rate will generate \$5.704 for each \$1,000 of property assessment.

DIAGRAM 3

	BOARD A	BOARD B	BOARD C
1. Recognized Ordinary Expenditure Per Pupil	\$4,134	\$4,134	\$4,134
2. Average Daily Enrolment	1,000	2,000	2,000
3. Total Recognized Ordinary Expenditure (1 x 2)	4,134,000	8,268,000	8,268,000
4. Provincial Standard Mill Rate	5.704 Mills	5.704 Mills	5.704 Mills
5. Board's Equalized Assessment	200,000,000	200,000,000	1,000,000,000
6. Yield from Provincial Standard Mill Rate Applied to Board's Equalized Assessment (4 x 5)	1,140,800	1,140,800	5,704,000
7. Provincial Grant (3 - 6)	<u>\$2,993,200</u>	<u>\$7,127,200</u>	<u>\$2,564,000</u>

The table also shows how school boards with the same assessment base (A and B), but different student enrolments, receive different grants. In this case, school board B has twice the number of pupils to educate with the same assessment base as school board A (ie, \$200 million). The calculation shows that board B is provided with a larger grant from the province.

School board C, with an equalized assessment base of \$1 billion, is able to raise \$5,704,000 from local taxes. Although it has responsibility for the same number of students as school board B, it receives a much smaller provincial grant.

In each case, the provincial grant ensures that the basic amount of \$4,134 per pupil is available to the board using the same tax effort.

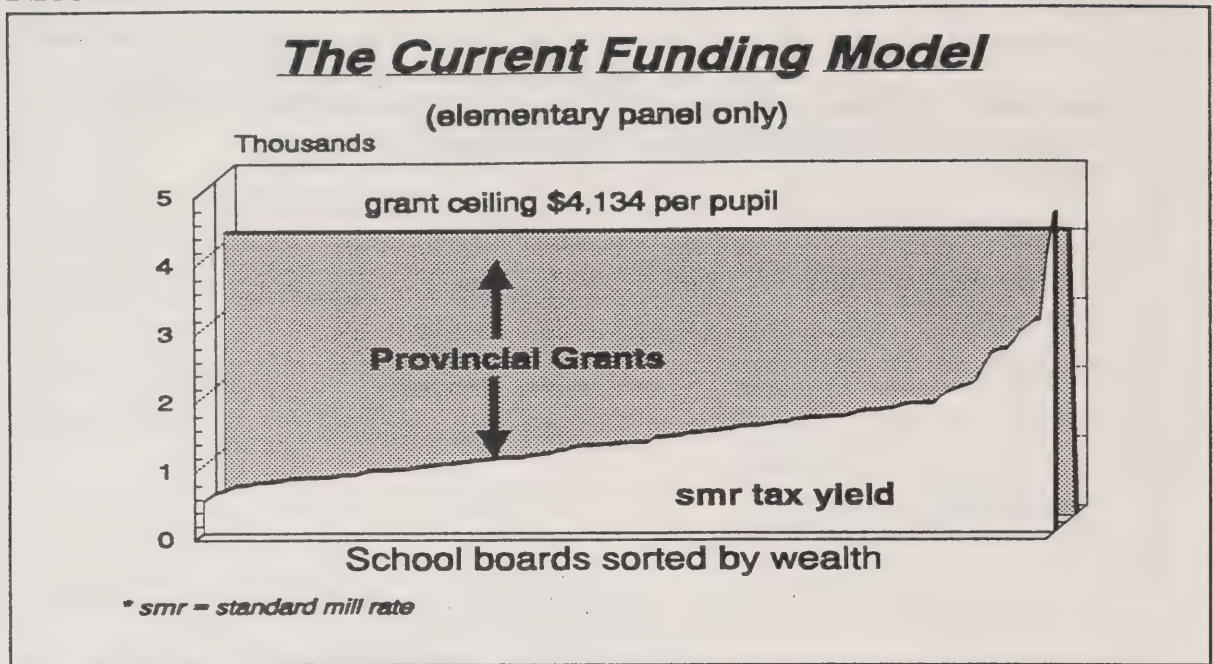
The funding principles behind this calculation ensure equality of resources for all school boards and equality of tax burden for all ratepayers for a base level of education.

Diagram 4, **The Current Funding Model**, provides a graphic illustration of the equity principle used in the funding model as it is applied to the different taxing capacities of school boards.

By applying a provincial standard mill rate of 5.704 to its equalized assessment of \$811,000 per pupil, board X can raise \$4,626 per pupil. By comparison, board Y, with an equalized assessment base of \$82,000 per pupil, can raise only \$468 per pupil.

Board X does not qualify for a grant, since, it is able to raise more money from local taxes by applying the standard tax rate than the recognized level of expenditures. This is commonly referred to as a negative grant. Board Y would qualify for a grant of \$3,666 per pupil. This approach provides each board with a basic per pupil amount of \$4,134.

DIAGRAM 4



In addition to provincial assistance provided to school boards for operating and capital purposes, the province also pays the employers' share of contributions to the Teachers' Pension Fund. These payments come from the Consolidated Revenue Fund (CRF) of the province. The CRF includes income taxes, sales taxes, corporate taxes, federal transfer payments and other provincial revenues.

In total, the province will contribute \$5,861.1 million towards the funding of elementary and secondary education in 1994.

Unrecognized Expenditure

School boards can raise additional property taxes to cover expenditures in excess of amounts recognized by the province. There is no provincial support for unrecognized expenditures, therefore unrecognized expenditures are 100% funded from local taxation.

It is estimated that in 1994 school boards will raise \$2,413.9 million to cover unrecognized expenditures.

Social Contract Impact

The Social Contract agreement with the school board sector requires that savings of \$425 million is to be achieved on an annual basis. This \$425 million savings will be a permanent reduction to the GLG base allocation to school boards.

Under the agreement, savings are recovered directly from school boards, therefore the GLG funding formula has not be adjusted to reflect the social contract. At the end of the social contract period, the GLG grant parameters will be adjusted to reflect the total base reduction of \$425 million.

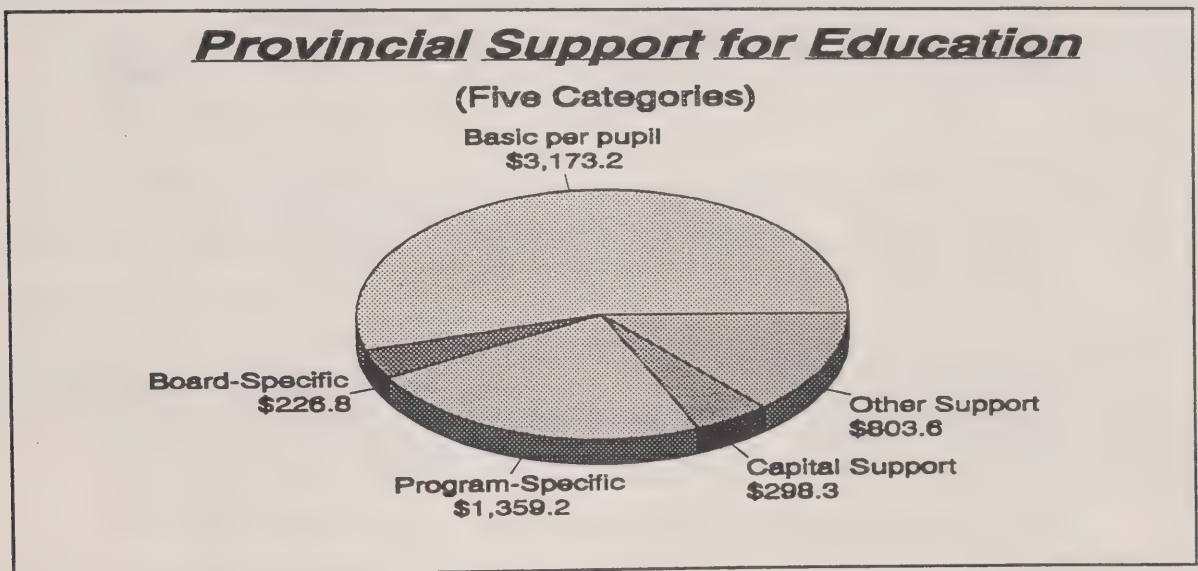
Funding Categories

The Education Funding Model can be divided into five major categories. Each category contains assistance programs that share similar characteristics or objectives.

Each of the five categories of the Education Funding Model are described below:

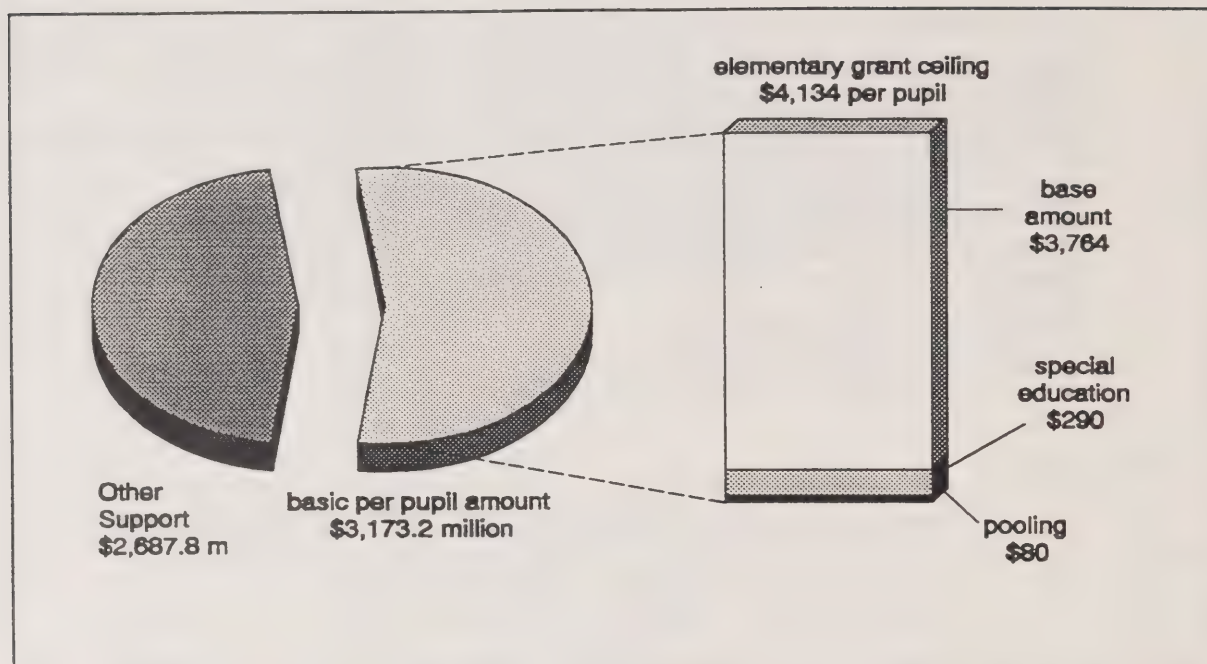
- Category 1 Basic Per Pupil Grant
- Category 2 Board-Specific Grants
- Category 3 Program-Specific Grants
- Category 4 Capital Assistance
- Category 5 Additional Provincial Support for Education

DIAGRAM 5



Category 1 - Basic Per Pupil Grant

DIAGRAM 6



* *The secondary grant ceiling for 1994 is \$5,066; comprised of a base amount totalling \$4,771, \$80 for pooling and \$215 for Special Education.*

The Basic Per Pupil Grant is an equalization payment made by the province to a school board. The provincial grant equals the difference between the amount considered necessary by the province for a school board to provide the base level of education and the amount raised from property taxes.

This calculation requires accurate information on two key variables:

- Average Daily Enrolment (ADE), which is the measure of the number of pupils enrolled in each school board. The ADE multiplied by the provincially established basic per pupil amount equals the **Recognized Ordinary Expenditure** of the school board.
- The value of the equalized assessment of all property in each community served by the school board determines the amount of money that can be raised from local property taxes.

Recognized Ordinary Expenditure

The province determines a base level of funding per pupil that is required by all school boards to meet their obligations under the Education Act. This is known as the Recognized Ordinary Expenditure Per Pupil (or basic per pupil grant).

For 1994, the per pupil amounts are \$4,134 for each elementary pupil and \$5,066 for each secondary pupil, representing a \$100 per pupil increase over the 1993 basic per pupil amounts. This adjustment is intended to direct more resources to boards with relatively poor assessment wealth thus help to alleviate some of the financial pressures poorer boards face in the current fiscal environment. However, since the total transfer allocation to school boards has not increased for 1994, the impact of increasing recognized expenditures is expressed as an increase in the standard mill rate.

The base level of funding per pupil includes specific amounts for the following items:

Support for Special Education Programs

Additional funding is provided for Special Education Programs for exceptional pupils. Exceptional pupils are defined as pupils having behavioral, communication, intellectual, physical or multiple exceptionalities.

In 1994, the Special Education portion of the basic per pupil amount is \$290 per elementary pupil and \$215 per secondary pupil.

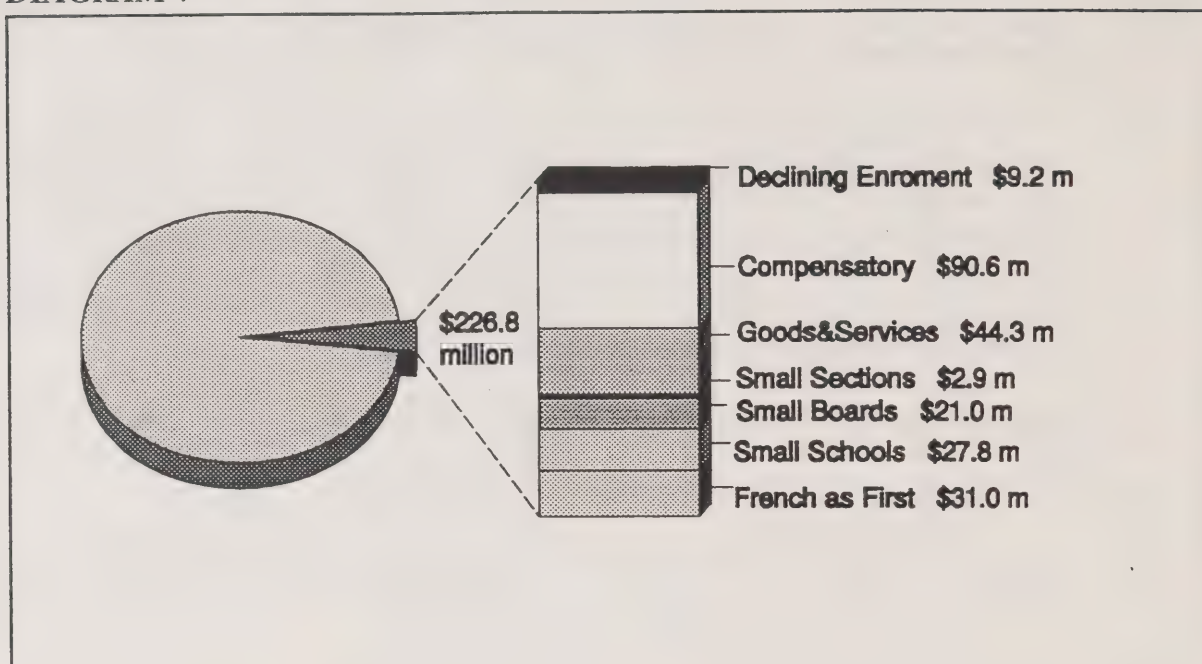
Support For Pooling

Prior to 1990, most public corporate assessment was automatically assigned to the public school system. Pooling was introduced to ensure that this valuable source of revenue was shared more fairly between public and separate school boards within the same jurisdiction. Pooling is being phased in over a six-year period, of which 1994 is the fifth year.

Each year the basic per pupil grant has been increased by \$16 per pupil from this fund. In 1994, the total increase in the per pupil grant attributable to pooling is \$80.

Category 2 - Board-Specific Grants

DIAGRAM 7



The government recognizes that the cost of providing the base level of education varies with geographic, demographic and socio-economic conditions across Ontario.

Board-specific grants provide funding at 100 percent of the recognized costs to compensate school boards for conditions such as distance from sources of goods and services, small classes, small schools and small boards, and needs created by unique socio-economic conditions of the population served. School boards are not required to provide a local share for this category of grants because these costs arise from conditions beyond the local board's control. Provincial funds given in recognition of these additional costs are aimed at equity – to assist school boards in providing the base level of educational services that would otherwise place an additional financial burden on area taxpayers.

The following outlines the grants in this category for 1994:

French-as-a-First Language Grant – \$31.0 Million

Under the Education Act, a school board must provide instruction in the French language to any pupil who meets the definition of a “French-speaking person.”

The grant recognizes the higher instructional, material and administrative costs school boards incur in providing this program.

Small Schools Grant – \$27.8 Million

In accordance with the ministry's policy of equality of educational opportunity, all pupils must have access to an adequate range of programs to complete their education. To offset the higher per pupil cost of these programs in small schools the province provides additional financial assistance in the form of a Small Schools Grant.

Small schools generally exist in areas of sparse population. Small elementary schools are defined as having 200 or fewer students and are located eight or more kilometres from another school of the same language of instruction. Small secondary schools are defined as having 600 or fewer students and are located 32 or more kilometres from another school of the same language of instruction.

Small Boards Grant – \$21.0 Million

Small school boards are defined as boards with an elementary or secondary enrolment of 5,000 pupils or less.

They incur many of the same basic overhead costs as larger boards in the province but, because of low enrolment, costs per pupil for administration and educational services are greater than for the larger boards. The Small Boards Grant provides additional financial support to such boards to offset these additional costs.

Small Sections Grant – \$2.9 Million

All boards with an English-language section and a French-language section, where one or both of the sections have fewer than 500 pupils, receive this grant. It assists boards in providing administrative, consultative and supervisory services where pupil enrolment is low.

Goods and Services Grant – \$44.3 Million

This grant acknowledges the higher cost of purchasing goods and obtaining services for boards that are distant from major urban centres and/or whose schools are distant from each other.

The calculation of this grant takes into account:

- (a) The distance of a board from one of five defined cities (Toronto, Ottawa, Hamilton, London or Windsor) as a measure of its accessibility to goods and services.
- (b) The existence of a city or town with a population of over 25,000 within a board's jurisdiction, which is another measure of its accessibility to goods and services.
- (c) The sparsity of the pupil population, to reflect higher costs of moving goods and services within a board.

In 1994, reductions to this grant for a board will be limited to 95% of its previous year's goods and services grant.

Compensatory Education Grant – \$90.6 Million

Some school boards, because of local conditions, have large numbers of students who are economically or socially disadvantaged and, therefore, at risk for academic failure and dropout. Compensatory Education programs are aimed at addressing the needs of such students. Financial assistance is provided to these school boards to offset the additional costs of these programs.

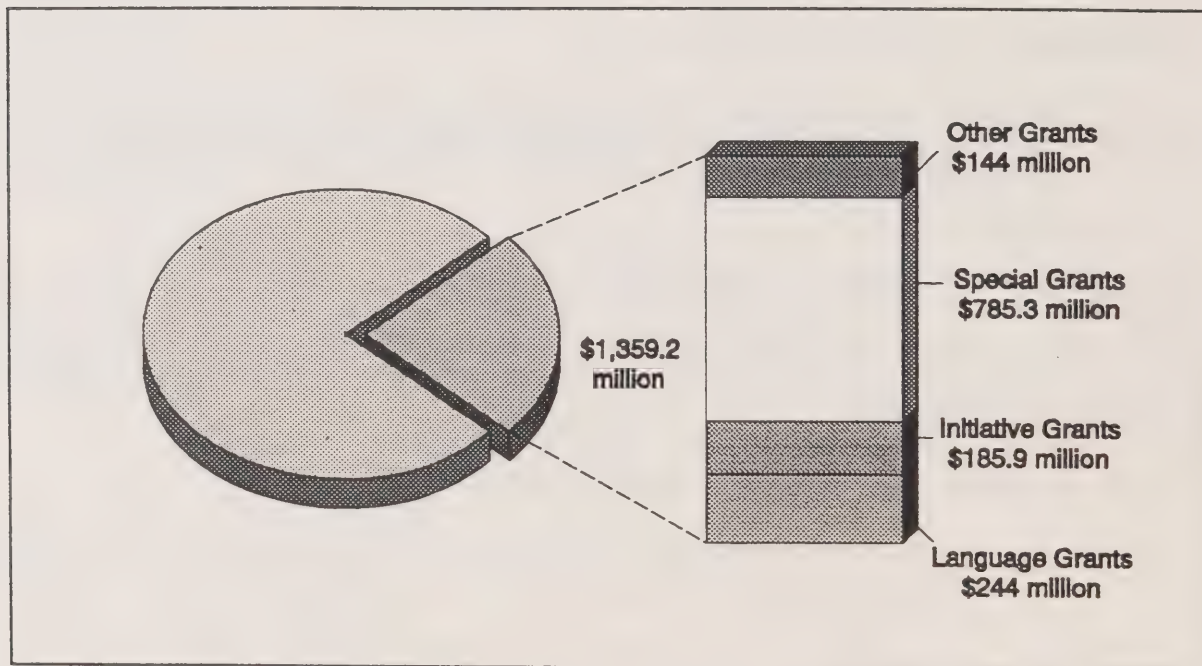
Declining Enrolment Grant – \$9.2 Million

The Ministry of Education recognizes that a school board may not be able to reduce its operating costs in any given year in direct proportion to a reduction in its enrolment.

The Declining Enrolment Grant provides financial assistance for a one-year period, during which the board may reduce its operating expenses.

Category 3 - Program-Specific Grants

DIAGRAM 8



Program-Specific Grants are provided to school boards to encourage them to extend education programs and services into areas that respond to local needs, and to meet provincial priorities. They are provided to school boards based on the extent to which the board participates in the program.

Category 3 grants can be grouped into four sub-categories, as outlined below:

LANGUAGE GRANTS

French-as-a-Second-Language Grant – \$146.2 Million

This grant provides for the additional costs of offering core French extended and immersion programs. The grant is based on the number of pupils enrolled in these courses and varies with the length of the program, ranging from 20 minutes per day to full immersion.

Native-as-a-Second-Language Grant – \$0.7 Million

This grant assists school boards that wish to provide native language courses in addition to, or as a substitute for, French as a Second Language. It is based on the number of pupils enrolled in 20-minute or 40-minute per day programs.

To further assist school boards to initiate this program, the Ministry provides a start-up grant of \$200 per pupil enrolled for the first five years of the program.

Additional Language Instruction Grant – \$95.8 Million

This grant is offered to school boards that provide language instruction in regular day school programs for pupils in English-language schools whose first language is not English and for pupils in French-language schools whose first language is not French. Such ESL (English as a Second Language/dialect) Programs in English language schools and ALF/PDF (Acquisition Linguistique en Français/Perfectionnement du Français) Programs in French language schools provide pupils with an opportunity to participate in regular instruction classes as soon as possible. The grant is based on the number of teachers employed by the school board for such programs.

Mixed-Language Secondary Schools Grant – \$1.3 Million

This grant encourages boards to provide a wider range of courses and services in the minority language (either English or French) of a mixed-language school.

INITIATIVE GRANTS

Grant for Reduction of Class Size in Grades 1 and 2 – \$170.5 Million

The province provides financial assistance to school boards to reduce class sizes in grades 1 and 2 to an average of 20 pupils per teacher.

This grant is funded at 100 percent and is intended to offset the average salary and benefits costs of the additional teachers employed by a board to meet this objective. In situations where the target PTR of 20:1 has not been reached, boards would receive a proportionally reduced grant.

Grant For Full-Day Kindergarten – \$15.4 Million

The province provides financial assistance to school boards for the operation of full-day kindergarten programs. These funds recognize the cost of providing the additional half day of a full-day program. School boards are required to contribute a local share of these costs.

SPECIAL GRANTS

Recognized Extraordinary Expenditure Grants – \$54.8 Million

This grant assists school boards with costs such as purchase of computer hardware, and other capital expenditure exclusive of expenditure on capital projects funded by the Ontario Financing Authority under the loan-based system (see Category 4). A local share is required, with a greater amount of grant being provided to school boards with relatively modest local tax bases.

Transportation Grant - \$398.2 Million

The Transportation Grant provides financial assistance to school boards to recognize costs of transporting pupils from home to school or from school to school. The decision regarding the provision of transportation rests with the school board.

A board's grant for transportation is based on:

- (a) The need for transportation within a board, as determined by the density of its pupil population: the less densely populated an area, the greater the need for pupil transportation and the greater the grant. A grant of 100 percent of the amount calculated on the basis of pupil density is paid to the board.
- (b) Additional transportation expenditures incurred by the board in excess of the above amount are also recognized for grant purposes. However, school boards are required to provide a local share of this additional amount. The grant paid to the boards is the difference between an amount raised locally and the total amount recognized for grant.

Technological Education Grant – \$4.4 Million

This grant recognizes the higher costs per pupil involved in providing technical and vocational programs. It is allocated to school boards providing a large number of these courses where, because of smaller class sizes and individualized pupil requirements, there are higher costs.

Grant for Programs in Lieu of Provincial Services for Blind/ Deaf Pupils – \$15.9 Million

This funding is provided where a school board offers an approved Special Education program for blind, deaf and blind/deaf pupils who might otherwise attend a Provincial School for blind and deaf pupils. Grants are provided for salaries and benefits for specialist teachers and teacher-aides.

An additional grant is paid to school boards to assist them in providing Braille transcription services at the elementary and secondary level. As well, a grant is paid for oral and manual interpreters at the secondary level. As of September 1994, the grant for interpreter services will be extended to the elementary level. School boards are required to contribute a local share of the costs of providing these services.

Grant for Education Programs in Care, Treatment and Correctional Facilities – \$67.5 Million

A school board may provide educational programs for school-age pupils who cannot attend a local school because they are placed in a care, treatment or correctional facility. The province pays the school board 100 percent of the cost of salaries and benefits for teachers and teacher-aides involved in such programs.

Grant for Continuing Education and Secondary Summer School – \$107.6 Million

This 100 percent grant supports the government's commitment to continuing education.

In 1994, funding for Grade 9 Summer School Programs apply for remedial purposes only.

Heritage Language Grant – \$16.4 Million

A grant is provided to school boards offering approved classes for heritage language instruction in a language other than English or French. The grant is based on a dollar amount per hour of classroom instruction.

Grant for the Cost of Education for Non-Resident Pupils – \$64.1 Million

The province reimburses school boards for the cost of educating pupils enrolled in their schools who reside in areas outside the jurisdiction of any board, or in institutions and group homes, or who are wards of Children's Aid Societies. The amount reimbursed is equal to the board's current operating cost per pupil plus an amount for accommodation.

Grant for Open-Access Tuition Fees – \$56.4 Million

Secondary students have a right to attend the public or separate school system of their choice. In situations where their parents' taxes go to another school board, the education board can charge a tuition fee to recover costs from the board that receives the taxes.

Where the costs for the educating board are higher than the costs in the tax-recipient board, the province picks up the difference.

OTHER GRANTS

Assistance for En Bloc Transfers – \$0.3 Million

Where a public school board has transferred one or more secondary schools and education programs to a Roman Catholic school board, a grant is paid to the public school board for up to five years to offset any overhead costs that remain with the public board. This grant is also applicable to the Conseil des écoles séparées catholique de langue française de Prescott-Russell and the Middlesex County Board of Education.

Secondary School Reorganization Grant – \$0.1 Million

This grant is paid to school boards that have reorganized a French-English, mixed-language secondary school into two separate schools — one French, the other English. It recognizes the extra costs involved in the reorganization.

Change in Tax Revenue – \$20.9 Million

The amount of assessment supporting a school board can and does change during the year – sometimes with a large impact.

In the case where a community has lost assessment because of the closure or removal of industry, extra grant is paid to the school board to partially offset the reduction in tax revenue.

In the case where new development results in an increase in the assessment base and greater revenue to the board, this revenue is partially offset by a reduction in the grant payable to the board.

Grant for Special Assistance in Respect of Debentures – \$0.1 Million

This grant offsets the cost of debentures on secondary school buildings that are being used jointly by a public and a separate board. It also assists boards that acquired significant debenture debt before April 1980.

Special Support For Pooling – \$15.0 Million

In support of the policy on coterminous pooling, the province provided an additional \$60 million of funding (\$30 million per year) which has been reflected in the basic per pupil amount to address possible public school board losses in assessment as a result of pooling. Even with this additional support, a number of public boards will experience a net loss in revenue. The Special Support for Pooling Grant provides additional funds to ensure that no public board will experience a net loss in revenue because of pooling.

Isolate Boards Grant – \$28.5 Million

Very small school boards, usually located in remote areas of Ontario, are referred to as isolate boards. Generally, their costs per pupil are very high and their tax base is very small. Their funding differs from that of other school boards in Ontario because it is based on program approval rather than the GLG formula. Their grant is the difference between approved program costs and local tax revenues.

Grant for Boards on Tax-Exempt Land – \$5.0 Million

This grant provides for part of the costs of operating schools situated on tax-exempt land. These include schools in sanatoriums, hospitals, crippled children's treatment centres and centres for the treatment of cerebral palsy. Operating expenses include teachers' salaries, transportation, and the board and lodging of students.

Order-in-Council – \$10.3 Million

Undue burden grants are provided to school boards by Order-in-Council under the provisions of Reg. 307, R.R.O. 1990. These grants are intended to cover specific non-recurring situations which are not covered by the grant regulations and thus place an undue burden on the local ratepayers of the board.

In 1994, \$10.3 million in undue burden grants will be provided to school boards that experienced an inordinate amount of capital construction activity during the period 1986 through to 1991, that required a local mill rate effort significantly greater than the provincial average mill rate effort for capital expenditures during this period.

French Language Equivalency Order-in-Council - \$9.4 Million

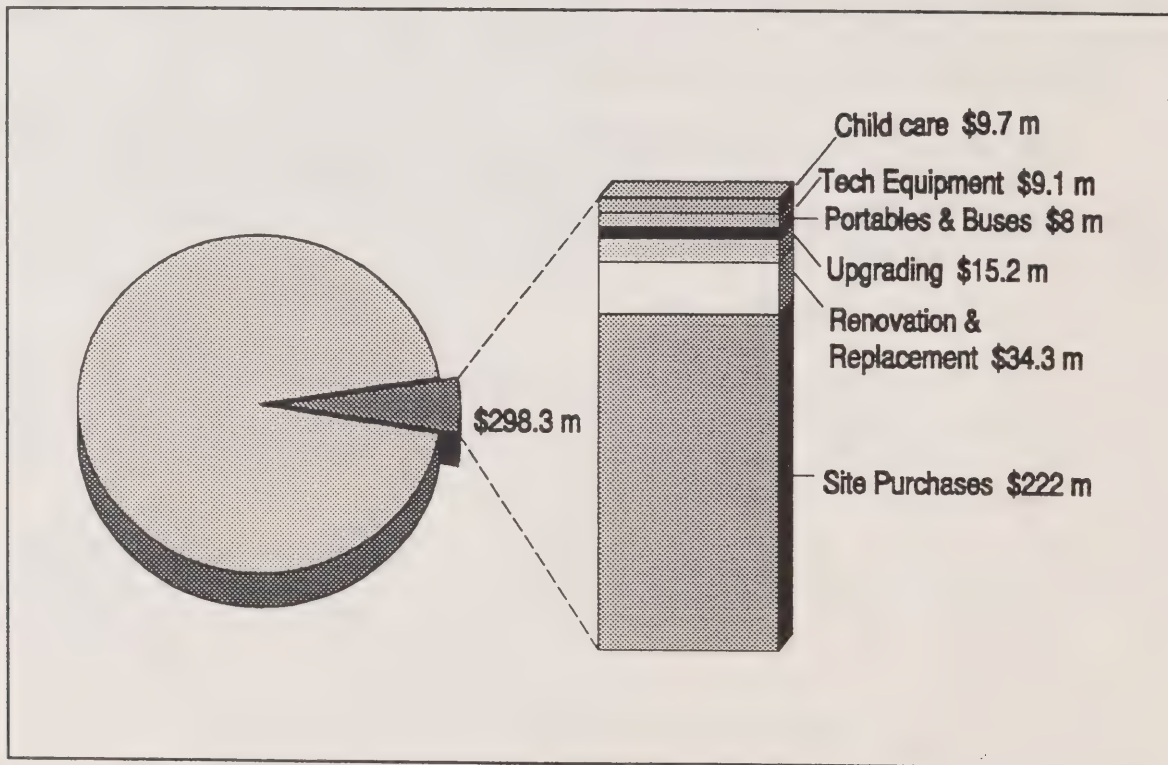
Special interim financing is provided through Order-In-Council to the Ottawa-Carleton French Language School Board public and Roman Catholic sectors. This funding will ensure that the amount of revenues per pupil for these two boards will enable them to match the over-ceiling expenditure of their coterminous public or separate English-language boards on an annual basis. In 1994, this amount will continue to be paid through Order-in-Council. However, the grant will become a component under Category 3 of the GLG for 1995, and apply to the Prescott-Russell French-language Roman Catholic school board as well.

Negative Grant - \$54.4 Million

Under the current funding model which applies a standard mill rate to a school board's equalized assessment, the Metropolitan Toronto School Board calculates a negative grant under category 1. This negative amount is greater than the total of its grants under categories 2, 3 and 4. However, the grant regulations require that no board shall receive less than a specified portion of its grants for programs in care, treatment and correctional facilities, cost of education pupils, capital projects related to the transfer of secondary school facilities to Roman Catholic Separate School Boards, capital programs under the Canada-Ontario Infrastructure Works Program. The present funding formulae requires, for accounting purposes only, a total of \$54.4 million to balance the negative amount under category 1.

Category 4 - Capital Funding Assistance

DIAGRAM 9



Funding capital expenditures is on a cost-shared basis between the province and local school boards. On April 1, 1993, provincial support for school board capital expenditures was converted from direct capital grants to a loan-based system.

The provincial share of costs for capital purposes is provided to school boards as loans issued through the Ontario Financing Authority (OFA). The Ministry of Education and Training provides annual grants equal to the principal and interest payments for the full term of the loan. In effect, the change to a loan-based financing system is revenue neutral for school boards.

Capital projects undertaken by school boards that qualify for this type of assistance include new schools and additions, site purchases, portables, buses and the replacement and renovations of schools.

Capital Assistance – \$298.3 million

Each year, the ministry requires all school boards to submit a five-year capital expenditure forecast which lists their capital needs in order of priority. From this information, the ministry develops a Capital Assistance Program. Projects are selected on the basis of greatest need, determined in accordance with ministry evaluation criteria.

The amount that a school board receives in loan assistance is dependent on its relative taxing ability. For example, loan assistance available from the OFA for a capital project of \$5 million would be larger for a board with small assessment wealth than it would be for a board with large assessment wealth. On average, the provincial support rate on growth-related capital projects, including new pupil places and sites, is 60 percent. Support for other capital projects, including the replacement and renovation of schools, and new portable purchases, is 75 percent on average.

The province provides an annual grant to all school boards equal to 100% of the principal and interest payments in respect of the loan issued through OFA.

- **Child Care Spaces**

The province provides a loan equal to 100 percent of recognized capital costs for constructing non-profit child care spaces in all new and replacement elementary schools. For 1994, \$9.7 million has been allocated for these spaces.

- **Junior Kindergarten**

Over the period 1990-1994, the province has provided school boards with \$95 million in assistance for capital needs relating to junior kindergarten programs. In 1994, \$41.4 million is available to school boards as loan assistance for this purpose.

- **Technological Education Capital Fund**

A total of \$60 million was allocated for the period 1990-1994, for the renewal of Technological Education Programs in communication, construction, manufacturing, services and transportation. For 1994, \$9.2 million in loan assistance has been allocated for this program.

School boards must consult with key community and business partners and draft a three-year program implementation plan. Each school delivering grade 10, 11 and 12 technological studies may be eligible for funding of up to \$200,000 per program.

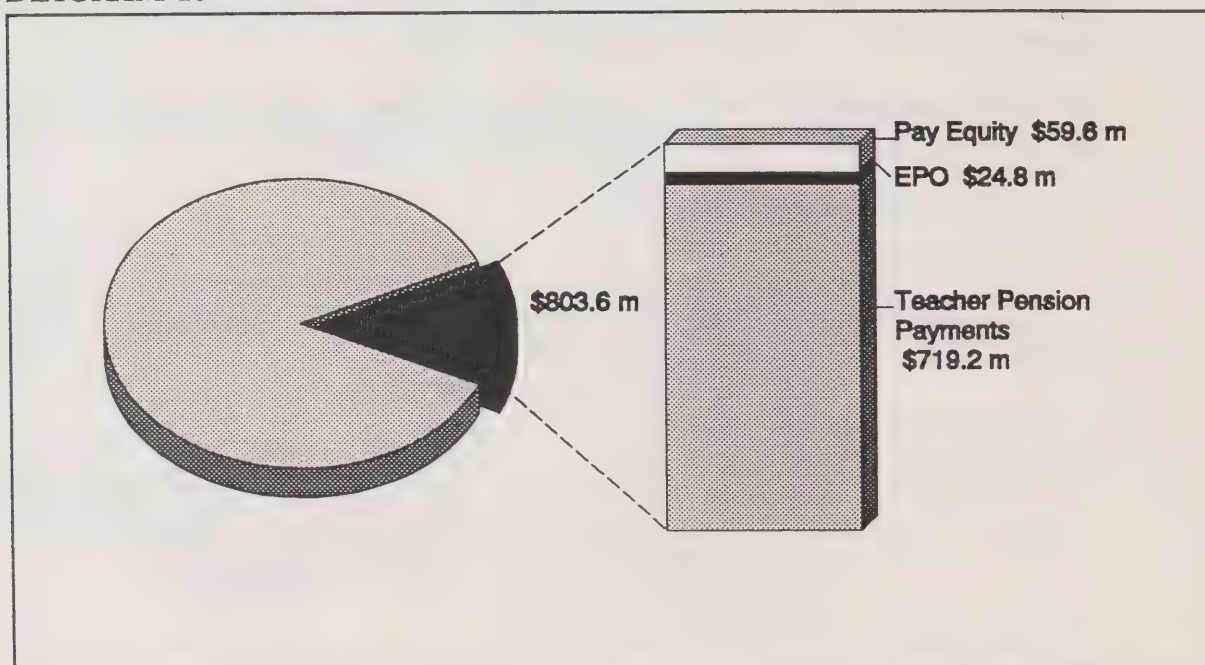
- **Canada-Ontario Infrastructure Works Program**

The Canada-Ontario Infrastructure Works Program entitles school boards to a total of \$200 million of capital projects over a two year period. The goal of this program is to create jobs on a province-wide basis by upgrading infrastructure.

Under the program cost sharing arrangement, the Federal government contributes one-third of the approved eligible amount in the form of direct capital grants. The remaining two-thirds of approved costs are shared between the province and the local school board at the provincial rate of support based on recognized ordinary expenditure. The provincial share of approved costs are provided in the form of loans through the OFA with annual grants equal to the principal and interest payments made in respect of such loans.

Category 5 - Additional Provincial Support for Education

DIAGRAM 10



Although this category of funding is outside the General Legislative Grants, it is included here to complete the picture of education funding and because it represents a considerable amount of provincial support for education. This category is made up of the following payments:

Teachers' Pension Payments – \$719.2 Million

The province pays the employers' share of teachers' pension contributions on behalf of school boards. For 1994, this represents a payment of \$691.1 million. In addition, \$28.1 million was paid by the province in respect of interest on pension buy-backs.

In 1990, the government began payments on the unfunded liability in the Teachers' Pension Fund. This important change provides security and viability for the fund into the future. In 1994 however, as a result of the Actuarial Valuation Report, direct payments by the province on the unfunded liability in the Teacher's Pension Fund will not be required.

Education Programs Other – \$24.8 Million

This group of payments supports a wide range of programs that are funded on the basis of specific approval for each board that participates. The programs include:

Consultants – Support for consultants to help with the professional development of school staff and the implementation of the government's education initiatives.

Educational Computing Network of Ontario (ECNO) – Supports the development and upgrading of administrative procedures, including computer networks and information sharing among school boards.

Pay Equity Grants - \$59.3 Million

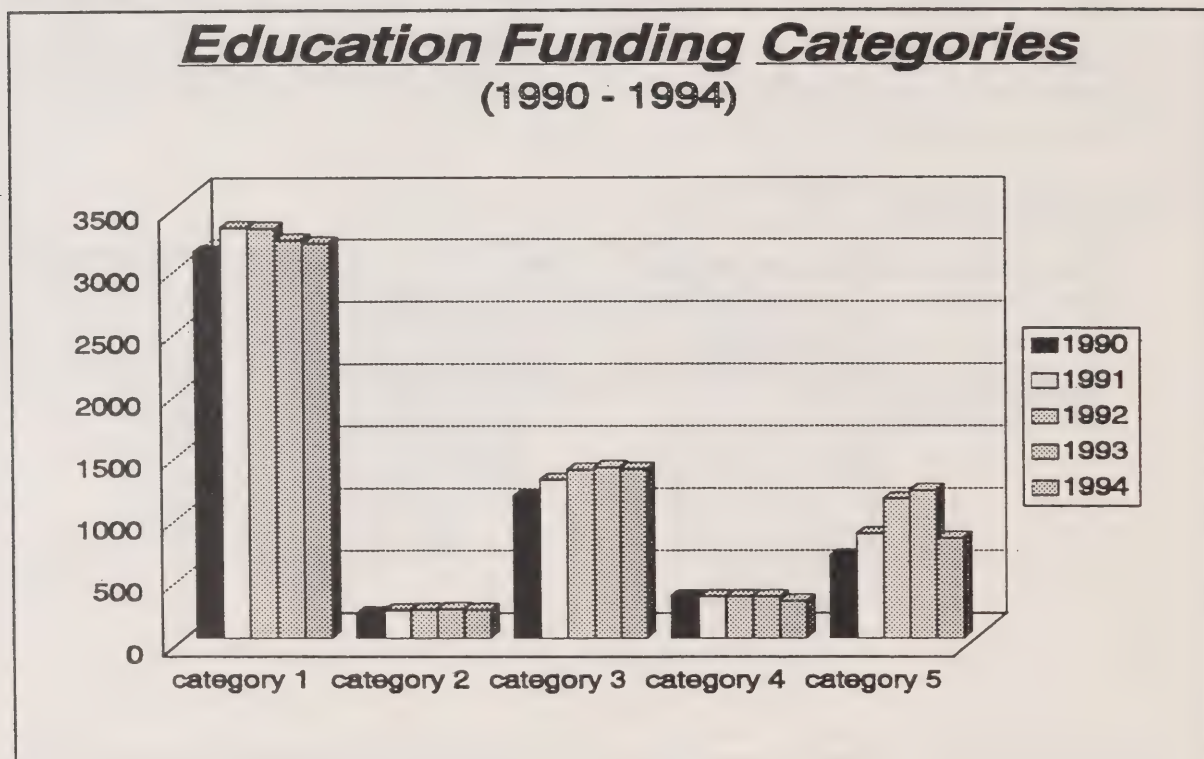
These grants are provided to assist school boards with costs relating to the implementation of pay equity plans in accordance with the Pay Equity Act. A total of \$59.3 million will be available to school boards to address 1993 pay equity expenditures. The provincial allocation for pay equity in 1994 has not yet been determined, however will be no less than the 1993 amount.

Summary

The funding model presents a comprehensive outline of the extent of funding provided by the province to school boards for elementary and secondary education in Ontario. In 1994, the province's contribution to elementary and secondary education will total \$5,861.1 million.

Diagram 11 illustrates changes in the five grant categories between 1990-94.

DIAGRAM 11



Summary of 1994 Grant Changes

The 1994 transfer payment allocation to school boards has been maintained at the same level as that provided in 1993, less \$50.5 million to reflect the annualization of the Expenditure Control Plan for 1994.

The decision to maintain the level of provincial support to the school board sector will enable boards to continue with their restructuring plans. Similarly, little change has been made to the grant plan for 1994. No new funding programs have been introduced.

The two areas of adjustment implemented for 1994 that will have the most significant impact on school board grants are:

- 1) an \$100 adjustment to the basic per pupil amounts.
- 2) implementation of a new set of assessment equalization factors (AEFs)

1. Basic Per Pupil Adjustment:

The \$100 adjustment to the basic per pupil amounts will direct more provincial resources to assessment poor boards who are experiencing more difficulty coping with the financial challenges required under restructuring. At the same time, this adjustment will require an increase in the standard mill rate since no new provincial funding is provided in 1994.

2. Assessment Equalization Factors:

The implementation of a new set of assessment equalization factors in 1994 will also result in grant changes. Since a board's wealth is measured by its equalized assessment in relation to that of the rest of the province, changes in the equalization factors can cause significant shifts in a board's relative wealth, thus impact on its grants.

In 1993, the assessment equalization factors used in the grant calculation were based on property values reflecting the period 1984-1988.

With the new set of factors that are based on 1992 market values, areas of the province that have not held their former market prices or that have experienced real assessment decreases will likely gain grant support. Conversely, areas in the province that have either maintained their assessment or have had increases in market values in comparison to the rest of the province will lose grant support.

In order to mitigate the impacts associated with these changes in relative wealth, the new factors will be phased-in at $\frac{1}{4}$ of the rate over four years, and shifts in relative wealth will be capped at plus or minus 3 percent.

Overall, the new AEFs will mean that equalized assessment in the province has increased by 17 percent. This increase in total equalized assessment wealth has enabled the province to offset the standard mill rate impact caused by the \$100 increase in grant ceilings and to lower the standard mill rate for both elementary and secondary panels by 10.4 percent to 5.704 and 4.699, respectively

APPENDIX

EDUCATION STATISTICS FOR 1994

1994 Provincial Support

Category 1: Basic Per Pupil Grant

\$3,173.2 Million

- Basic Per Pupil Amount
 - elementary \$4,134 per pupil
 - secondary \$5,066 per pupil
- Support for Special Education Programs
 - elementary \$290 per pupil
 - secondary \$215 per pupil
- Support for Pooling \$80 per pupil

Category 2: Board Specific Grants

\$226.8 Million

- French-as-a-First-Language Grant \$31.0 Million
- Small Schools Grant \$27.8 Million
- Small Boards Grant \$21.0 Million
- Small Sections Grant \$2.9 Million
- Goods & Services Grant \$44.3 Million
- Compensatory Education Grant \$90.6 Million
- Declining Enrolment Grant \$9.2 Million

Category 3: Program-Specific Grants

\$1,359.2 Million

- Language Grants
 - French-as-a-Second-Language Grant \$146.2 Million
 - Native-as-a-Second-Language Grant \$0.7 Million
 - Additional Language Instruction Grant \$95.8 Million
 - Mixed-Language Secondary Schools Grant \$1.3 Million
- Initiative Grants
 - Grant for Full-Day Kindergarten \$15.4 Million
 - Grant for Reduction of Class Size in
Grades 1 and 2 \$170.5 Million
- Special Grants
 - Recognized Extraordinary Expenditure \$54.8 Million
 - Transportation Grant \$398.2 Million
 - Technological Education Grant \$4.4 Million
 - Grant for Programs in Lieu of Provincial Services for
Blind/Deaf Pupils \$15.9 Million
 - Grant for Education Programs in Care, Treatment
and Correctional Facilities \$67.5 Million
 - Grant for Continuing Education, Secondary Summer,
and Driver Education \$107.6 Million
 - Heritage Language Grants \$16.4 Million
 - Grant for the Cost of Education for Non-Resident
Pupils \$64.1 Million
 - Grant for Open-Access Tuition Fees \$56.4 Million

• Other Grants	
- Assistance for En Bloc Transfers	\$0.3 Million
- Secondary School Reorganization Grant	\$0.1 Million
- Change in Tax Revenue	\$20.9 Million
- Grant for Special Assistance in Respect of Debentures	\$0.1 Million
- Special Support for Pooling	\$15.0 Million
- Isolate Boards Grant	\$28.5 Million
- Grant for Boards on Tax-Exempt Land	\$5.0 Million
- French-language Equivalency	\$9.4 Million
- Undue Burden Grant	\$10.3 Million
- Negative Grant	\$54.4 Million

Category 4: Capital Funding Grants \$298.3 Million

• Site Purchase and New Pupil Places	\$222.0 Million
• Renovation and Replacement	\$34.3 Million
• Program Upgrading	\$15.2 Million
• Portables and Buses	\$8.0 Million
• Technological Equipment Renewal	\$9.1 Million
• Child care	\$9.7 Million

**Category 5: Additional Provincial Support
for Education** \$803.6 Million

• Teachers Pension Payments	\$719.2 Million
• Education Programs Other	\$24.8 Million
• Pay Equity Funding	\$59.6 Million

Total Provincial Contribution to Elementary and
Secondary Education for 1993 \$5,861 Million

Education Statistics, 1994 (estimated)

Number of pupils enroled (Full Time Equivalents)	1,893,408
Number of School Boards	170
Number of Teachers (Full Time Equivalents for 1993)	121,750
Number of Schools	
– elementary	3,973
– secondary	799
Expenditures on elementary and secondary education	\$13.8 Billion
Estimated value of provincial equalized assessment on property	\$509 Billion
Funding from property taxes	
Recognized expenditure	\$5,567,900,000
Unrecognized expenditure	\$2,413,900,000
Funding from provincial grants	\$5,861,000,000
Province-wide mill rate on equalized assessment	
– elementary	5.704 mills
– secondary	4.699 mills
Recognized amount per pupil	
– elementary	\$4,134 per pupil
– secondary	\$5,066 per pupil

Wealth per pupil by Board

(elementary panel only)

Board Name	E.A. per pupil 1993	WEALTH INDEX 1993
CHAPLEAU PANET CAVERLY R C S S	81,680	0.2259
KIRKLAND LAKE/TIMISKAMING RCSSB	95,153	0.2632
FORT FRANCES RNY RIVER DIST R C S	102,821	0.2844
GERALDTON DISTRICT R C S S B	106,730	0.2952
KENORA DISTRICT R C S S B	115,096	0.3183
LANARK LEEDS GRNVILLE CTY R C S S	119,331	0.3300
NORTH SHORE DISTRICT R C S S B	119,944	0.3317
PRESCOTT RUSSELL CTY R C S S B	124,382	0.3440
BRUCE GREY COUNTY R C S S B	126,488	0.3498
RENFREW COUNTY R C S S B	127,545	0.3527
P BORO VIC NRTHM NEWCASTLE R C S	129,156	0.3572
COCHRANE IROQ FALLS DIST R C S S B	130,875	0.3619
DRYDEN DIST R C S S B	134,893	0.3731
STORMNT DNDAS GLNGRRY CTY R C S S	136,494	0.3775
BRANT COUNTY R C S S B	136,934	0.3787
MICHIPICOTEN DISTRICT R C S S B	138,564	0.3832
PRESCOTT-RUSSELL FRENCH RCSSB	138,833	0.3840
HURON PERTH COUNTY R C S S B	140,144	0.3876
NIPISSING DISTRICT R C S S B	140,622	0.3889
HASTINGS PRINCE EDWD CTY R C S S B	141,712	0.3919
SIMCOE COUNTY R C S S B	145,786	0.4032
HEARST DISTRICT R C S S B	145,973	0.4037
KENT COUNTY R C S S B	145,992	0.4038
OXFORD COUNTY R C S S B	151,272	0.4184
SUDBURY DISTRICT R C S S B	156,065	0.4316
ELGIN COUNTY R C S S B	156,958	0.4341
LAMBTON COUNTY R C S S B	157,372	0.4352
ESSEX COUNTY R C S S B	157,565	0.4358
HORNEPAYNE B OF E	158,861	0.4393
KAPUSKASING DISTRICT R C S S B	159,026	0.4398
DURHAM REGION R C S S B	161,702	0.4472
CARLETON R C S S B	166,083	0.4593
NORTH OF SUPERIOR R C S S B	167,641	0.4636
HALDIMAND NORFOLK COUNTY R C S S B	168,675	0.4665
WATERLOO COUNTY R C S S B	172,347	0.4766
PRESCOTT RUSSELL COUNTY B OF E	173,036	0.4785
LONDON MIDDLESEX COUNTY R C S S B	173,721	0.4804
TIMMINS DISTRICT R C S S B	176,943	0.4894
CENTRAL ALGOMA B OF E	178,592	0.4939
SAULT STE MARIE DISTRICT R C S S B	182,189	0.5039
FRNTNAC LNNX ADNGTON CTY R C S S	182,859	0.5057
WINDSOR R C S S B	185,304	0.5125
WELLAND COUNTY R.C.S.S.B.	186,000	0.5144
OTTAWA/CARLETON FRENCH PUBLIC	189,007	0.5227
LAKEHEAD DISTRICT R C S S B	189,542	0.5242
LINCOLN COUNTY R C S S B	189,733	0.5247
RED LAKE B OF E	190,353	0.5264
HAMILTON WENTWORTH R C S S B	195,016	0.5393
WELLINGTON COUNTY R C S S B	195,687	0.5412
OTTAWA/CARLETON FRENCH RCSSB	199,389	0.5514
DUFFERIN PEEL R C S S B	200,285	0.5539
LENNOX ADDINGTON COUNTY B OF E	207,401	0.5736
CHAPLEAU B OF E	208,286	0.5760
ATIKOKAN B OF E	215,366	0.5956
NIPISSING B OF E	218,384	0.6040
RENFREW COUNTY B OF E	220,426	0.6096
HALTON R C S S B	220,516	0.6099
KIRKLAND LAKE B OF E	221,979	0.6139
ELGIN COUNTY B OF E	222,704	0.6159
LANARK COUNTY B OF E	223,548	0.6182
BRUCE COUNTY B OF E	225,046	0.6224
EAST PARRY SOUND B OF E	225,822	0.6245

Wealth per pupil by Board

(elementary panel only)

Board Name	E.A. per pupil 1993	WEALTH INDEX 1993
NORFOLK B OF E	227,328	0.6287
ESPANOLA B OF E	227,840	0.6301
NORTH SHORE B OF E	227,962	0.6305
GERALTON B OF E	240,914	0.6663
HURON COUNTY B OF E	241,518	0.6679
DUFFERIN COUNTY B OF E	243,244	0.6727
COCHRANE IROQUOIS FALLS B OF E	244,303	0.6756
HASTINGS COUNTY B OF E	246,125	0.6807
FORT FRANCES RAINY RIVER B OF E	251,374	0.6952
PRINCE EDWARD COUNTY B OF E	252,253	0.6976
NORTHUMBERLAND NEWCASTLE CTY E	254,289	0.7033
TIMISKAMING B OF E	255,996	0.7080
LAKE SUPERIOR B OF E	256,743	0.7100
BRANT COUNTY B OF E	259,914	0.7188
STORMNT DNDAS GLNGRRY CTY B OF E	262,065	0.7248
PERTH COUNTY B OF E	266,592	0.7373
SUDBURY B OF E	268,584	0.7428
KENT COUNTY B OF E	269,953	0.7466
GREY COUNTY B OF E	270,054	0.7469
YORK REGION R C S S B	273,551	0.7565
VICTORIA COUNTY B OF E	275,257	0.7612
TIMMINS B OF E	278,601	0.7705
MANITOULIN B OF E	279,218	0.7722
NIAGARA SOUTH B OF E	285,210	0.7888
ESSEX COUNTY B OF E	287,850	0.7961
SAULT STE MARIE B OF E	289,430	0.8004
OXFORD COUNTY B OF E	290,257	0.8027
LEEDS GRENVILLE COUNTY B OF E	290,350	0.8030
HALDIMAND COUNTY B OF E	292,494	0.8089
MIDDLESEX COUNTY B OF E	293,804	0.8125
NIPIGON RED ROCK B OF E	293,961	0.8130
DRYDEN B OF E	298,084	0.8244
CARLETON B OF E	305,197	0.8440
WELLINGTON COUNTY B OF E	308,041	0.8519
LINCOLN COUNTY B OF E	308,968	0.8545
DURHAM B OF E	309,115	0.8549
LAMBTON COUNTY B OF E	313,302	0.8665
LAKEHEAD B OF E	314,103	0.8687
LONDON B OF E	319,296	0.8830
FRONTENAC COUNTY B OF E	323,989	0.8960
WATERLOO COUNTY B OF E	326,554	0.9031
PETERBOROUGH COUNTY B OF E	326,630	0.9033
SIMCOE COUNTY B OF E	326,897	0.9041
WENTWORTH COUNTY B OF E	327,064	0.9045
HAMILTON B OF E	343,779	0.9508
METROPOLITAN SEP. SCH. B.	356,737	0.9866
PROVINCIAL AVERAGE	361,586	1.0000
WINDSOR B OF E	371,187	1.0266
KENORA B OF E	374,520	1.0358
OTTAWA R C S S B	389,022	1.0759
MICHIPICOTEN B OF E	424,237	1.1733
HEARST B OF E	455,846	1.2607
WEST PARRY SOUND B OF E	464,676	1.2851
HALTON B OF E	464,808	1.2855
HALIBURTON COUNTY B OF E	483,456	1.3370
KAPUSKASING B OF E	510,731	1.4125
PEEL B OF E	523,628	1.4481
MUSKOKA B OF E	538,527	1.4893
YORK REGION B OF E	540,780	1.4956
OTTAWA B OF E	705,487	1.9511
METRO TORONTO B OF E	810,739	2.2422

